

**SALES AND USE TAX REVIEW COMMISSION  
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

**BILL NUMBER:**

A-486

**DATE OF INTRODUCTION:**

January 8, 2002

**SPONSOR:**

Assemblyman Bateman  
Assemblyman Merkt

**DATE OF RECOMMENDATION:**

March 26, 2002

**IDENTICAL BILL:** S-1294

**COMMITTEE:**

Assembly Banking and Insurance

**DESCRIPTION:**

The Bill would make State credit unions exempt from sales and use tax.

**ANALYSIS:**

The Bill is an attempt to treat state chartered credit unions in the same manner as federally chartered credit unions, which enjoy an exemption from state sales tax pursuant to federal law. However, state credit unions generally compete with for-profit financial institutions, such as banks and leasing companies, not with federal credit unions. The Commission finds no compelling reason to legislate sales tax parity between non-competitive banking organizations.

As a matter of general policy, the New Jersey Sales and Use Tax Act anticipates the payment of sales or use tax by businesses on certain equipment, supplies or taxable services. Where business property exemptions exist, they are usually for major capital expenditures such as aircraft purchased by an air carrier, ships used in interstate commerce and capital improvements.

**RECOMMENDATION:**

The Commission does not recommend enactment of this Bill.

**COMMISSION MEMBERS FOR PROPOSAL:** 0

**COMMISSION MEMBERS AGAINST PROPOSAL:** 7

**COMMISSION MEMBERS ABSTAINING:** 0

(EL)